

ESTTA Tracking number: **ESTTA537145**

Filing date: **05/10/2013**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92056995
Party	Defendant New Yorker S.H.K. Jeans GmbH & Co. KG
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Attachments	DOC051013ny-05102013122705.pdf (1 page)(365099 bytes)

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MOTION TO DISMISS UNDER 12(b)(6)

Registrant, New Yorker S.H.K. Jeans GmbH & Co. KG ("Registrant"), by and through undersigned counsel, hereby request that the Trademark Trial and Appeal Board (the "Board") dismiss the fraud claims set forth in the captioned Petition for Cancellation ("Petition") filed by Petitioner Jack Rajca ("Petitioner"), based on Petitioner's failure to state a claim pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure.

I. BACKGROUND

Registrant filed an application to register the mark FISHBONE, Ser. No. 79/101,985. Petition, ¶ 3. Petitioner's pleaded trademark registration of FISHBONE and Design, Reg. No. 2,089,406, was cited against Registrant's aforesaid application. Petition, ¶ 40, Exhibit 5. Registrant overcame Petitioner's cited registration by argument, and the United States Patent and Trademark Office issued the registration of FISHBONE, Reg. No. 4,299,698, in the name of Registrant. Petition, ¶ 4, Exhibit 2. Petitioner has filed the captioned Petition based on a likelihood of confusion and two counts of fraud. Petition, ¶¶ 18-50. Registrant hereby moves to dismiss Petitioner's two fraud claims.

II. STANDARD OF REVIEW

The Board must dismiss a petition to cancel under Rule 12(b)(6) if it fails to state a claim that is "plausible on its face." T.B.M.P. § 503.02, citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007); *see also Advanced Cardiovascular Sys Inc. v. SciMed Life Sys. Inc.*, 26 U.S.P.Q.2d 1038, 1041 (Fed. Cir. 1993). The purpose of Fed. R. Civ. P. 12(b)(6) "is to allow the court to eliminate actions that are fatally flawed in their legal premises and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity." *Advanced Cardiovascular Sys.*, 26U.S.P.Q.2d at 1041, citing *Neitzke v. Williams*, 490 U.S. 319, 326-27

(1989). When ruling on a motion to dismiss, the Board must accept the factual allegations pled in the complaint as true, but "[c]onclusory allegations of law and unwarranted inferences of fact do not suffice to support a claim." *Bradley v. Chiron Corp.*, 45 U.S.P.Q.2d 1819, 1822 (Fed. Cir. 1998).

When tested against these established standards for deciding a Rule 12(b)(6) motion to dismiss, Petitioner's fraud allegations fail as a matter of law.

III. ARGUMENT

"Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with its application." *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009) ("Bose"), quoting *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986). "The very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party." *Id.*, at 1939, quoting *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

A. COUNT III: Fraud

Petitioner alleges that "[t]he representation Registrant made to the USPTO at the time it filed its application . . . was false"; that "Registrant has known of Petitioner and its rights in the mark FISHBONE since at least as early as 2001"; that "Registrant knew that its representations regarding its knowledge of Petitioner's prior rights in the mark was false and made it knowingly . . ."; and that "[t]he USPTO relied on the misrepresentations in issuing the Registration No. 4,299,698. See Petition, ¶¶ 33-36. Even taking the averments in the Petition in a light most favourable to Petitioner, Petitioner does not adequately state a claim for fraud.

A party moving to cancel a trademark based on fraud on the USPTO bears the burden to prove the fraud by “clear and convincing evidence.” *Orient Exp. Trading Co., Ltd. v. Federated Dept. Stores, Inc.*, 842 F.2d at 653; *Tuccillo v. Geisha*, 635 F. Supp. 2d at 241. When the allegation of fraud centers on a trademark applicant's signed oath, the charging party bears an especially high burden:

In determining whether an applicant, when he signed his application oath, held an honest, good faith belief that he was entitled to registration of his mark, the Board has stated that if the other person's rights in the mark, vis-a-vis the applicant's rights, are not known by applicant to be superior or clearly established, e.g., by court decree or prior agreement of the parties, then the applicant has a reasonable basis for believing that no one else has the right to use the mark in commerce, and that applicant's averment of that reasonable belief in its application declaration or oath is not fraudulent.

Maids to Order of Ohio, Inc. v. Maid-to-Order, Inc., 78 U.S.P.Q.2d at 1908.

As indicated by J. Thomas McCarthy, a leading authority on trademark law, “the type of fraud allegation that has given rise to the largest number of cases is the charge that registrant signed the application oath knowing of use of the mark by others. . . . While such charges of fraud and nondisclosure have uniformly been rejected, litigants continue to pursue them vigorously” 6 *McCarthy on Trademarks* § 31:75 (4th ed. 2012). The declarant-focused text of the application oath requires the signatory's good-faith, subjective belief in the truth of its contents. *See, e.g., Bose*, 580 F.3d at 1245 (“Subjective intent to deceive . . . is an indispensable element in the [fraud] analysis.”); *Marshak v. Treadwell*, 240 F.3d 184, 196 (3d Cir. 2001) (“[A]pplicants attest[] only to their own subjective knowledge and belief.”); *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 1227 (10th Cir. 2000) (“[W]e focus on the

‘declarant’s subjective, “honestly held, good faith” belief.’” (quoting *San Juan Prods., Inc. v. San Juan Pools, Inc.*, 849 F.2d 468, 472 (10th Cir. 1988))).

In order for Petitioner to successfully plead that Registrant committed fraud on the USPTO because it signed a Declaration alleging that it was entitled to use the mark in commerce and it did not believe there was no likelihood of confusion with any third party mark, Petitioner would need to allege and plead with specificity four (4) elements: 1). Petitioner had prior rights; 2). Registrant was aware of Petitioner’s prior rights; 3). Registrant believed, at the time of filing its application, that there was a likelihood of confusion that would result from its use of its applied for mark and Petitioner’s alleged mark FISHBONE and Design; and 4). in failing to disclose these facts to the USPTO, Registrant intended to procure a registration, to which Registrant was not entitled. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1206 (Trademark Tr. & App. Bd. 1997)

As indicated above, the party alleging fraud carries a “heavy burden of proof,” and, in deciding whether fraud has been committed, the Court has “no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.” *In re Bose Corp.*, 580 F.3d at 1243. Indeed, “the statement of an applicant that no other person to the best of his knowledge has the right to use the mark does not require the applicant to disclose those persons whom he may have heard are using the mark if he feels that the rights of such others are not superior to his. Thus, an applicant who has at least ‘color of title’ to the mark is not guilty of fraud. . . .” *Yocum v. Covington*, 216 U.S.P.Q. 210, 216-17 (T.T.A.B. 1982).

1. The Petition Does Not State That Registrant Believed There Was a Likelihood of Confusion

Here, the Petition is completely devoid of any allegation that Registrant believed, at the time of filing its application, that there was a likelihood of confusion that would result from its

use of its applied for mark and Petitioner's alleged mark FISHBONE and Design. This, in and of itself, renders the pleading ineffective and is sufficient, on its own, to dismiss Petitioner's fraud claim. See *Hana Fin., Inc. v. Hana Bank*, 500 F. Supp. 2d 1228, 1235 (C.D. Cal. 2007) (allegation that the applicant knew of counterclaimant's prior use of the same mark is insufficient to satisfy Rule 9(b) because "[m]ere knowledge of another's actual use of the mark is insufficient to constitute fraud") (citing *Quiksilver*, 466 F.3d at 755).

2. Even if the Petition Claimed Registrant Believed There Was a Likelihood of Confusion At The Time of Filing, Such an Allegation is Not Plausible On Its Face

Even if there was an allegation that Registrant believed, at the time of filing its application, that there was a likelihood of confusion that would result from its use of its applied for mark and Petitioner's alleged mark FISHBONE and Design, such an allegation is not plausible on its face. Specifically, Registrant had already obtained trademark registrations in 2002 and 2003 for the mark FISHBONE in the same Classes as those covered by its current registration, which is the subject of this Petition. Petition, ¶14, Ex.4. The past issuance of these registrations, which were only cancelled as a result of Registrant's failure to file timely fifth and sixth year Declarations of Use, would, in and of themselves, give Registrant a reasonable basis for believing that it had the right to use the mark in commerce, particularly since these registrations issued over Petitioner's registration of FISHBONE and Design. See Petition, ¶2, Ex. 1; See also Petition, ¶14, Ex.4. This reasonable basis was in fact confirmed yet again when the USPTO, for a second time, issued the subject registration of FISHBONE, Reg. No. 4,299,698, to Registrant. Petition, ¶4, Ex.2

3. Petitioner Cannot Establish Misrepresentations, If Any, Were Material

Petitioner must also prove that Registrant deliberately and deceitfully made false statements in its application to the USPTO that were material to the determination to grant the

application. Defendants must prove this claim by “clear and convincing evidence.” *Orient Exp. Trading Co., Ltd. v. Federated Dept. Stores, Inc.*, 842 F.2d at 653; *Tuccillo v. Geisha*, 635 F. Supp. 2d at 241; *Maids to Order of Ohio, Inc. v. Maid-to-Order, Inc.*, 78 U.S.P.Q.2d at 1905. Even assuming *arguendo* that Registrant made the alleged misrepresentations regarding its entitlement to use the mark and that to best of its knowledge no other person had the right to use the mark in commerce, in identical form or in such near resemblance as to be likely to cause confusion, which Petitioner strongly denies, such misrepresentations would not have been material to the issuance of Petitioner’s registration. Put differently, any such alleged misrepresentation was immaterial to the issuance of the registration, as the USPTO itself was aware that Petitioner was the title owner of the U.S. registration of FISHBONE, Reg. No. 2,089,406, as evidenced by the USPTO citing said registration against the applied for mark. Petition, ¶ 40, Ex. 5. See, e.g., *William Grant & Sons, Inc. v. National Distillers & Chemical Corp.*, 173 U.S.P.Q. 813 (T.T.A.B. 1972) (failure to disclose prior registration of the same mark is not material fraud because examiner is presumed to search prior registrations and could not be misled by the application oath).

4. Failure to Plead With Particularity

Lastly, here, “the allegations of fraud related to [the] statement that ‘to the best of his/her knowledge and belief no other person ... has the right to use the mark in commerce’ are not alleged with the particularity required by Rule 9(b)” and therefore should be dismissed.” *Bauer Bros. LLC v. Nike, Inc.*, 98 U.S.P.Q.2D 1160 (S.D.CA 2010).

B. COUNT IV: Fraud

Petitioner has alleged that Registrant committed fraud by making false statements to the USPTO in its response to the Office Action. However, in reviewing Petitioner’s allegations and what Registrant actually stated in response to the Office Action as shown below, it is clear that

Petitioner has carelessly mischaracterized Registrant's statements for the sole purpose of meeting the minimum pleading requirements to establish fraud.

1. There are No False Statements and/or False Statements Made Knowingly

Petitioner's Allegation

1. Registrant "does not sell its t-shirts with silk screens designs in retail stores." Petition, ¶40

2. Registrant only "take[s] orders for customized t-shirts with silk screen designs from third party brand owners." Petition, ¶ 41

3. "Petitioner's customers are not "young, trend conscious consumers". Petition, ¶ 42

v. Registrant's Actual Statement

"In contrast, registrant, upon information and belief, does not sell its t-shirts with silk screen designs in retail stores," Petition, ¶40, Ex. 5

"Instead, registrant **appears to** take orders for customized t-shirts with silk-screen designs from third party brand owners in, chiefly, the water and board sport, biking, skiing, music, and brewpub industries. (see attached invoices taken from registrant's file history and a print-out from registrant's website)." *Id.* Petition, ¶41, Ex. 5

Registrant makes no such statement. Petition, ¶42, Ex. 5

Petitioner's "About Fishbone" page on its website clearly states, "For over twenty years, Fishbone graphics has provided high quality screen printing and custom graphics . . . We continue to market our **services** to include industries that we participate in and enjoy (i.e., water sports, board sports, biking, skiing, music and brewpubs)!" We believe that art and graphics on **your** garment represent who **you** are". Petition, ¶ 40; Exhibit 5. Moreover, Petitioner's invoices used to support its application to register the mark FISHBONE show the wording "Graphics & Screen Printing" prominently and in close proximity to its mark, and these invoices appear to be billed to third parties who contracted with Petitioner to provide screen printing services. *Id.* At a minimum, this evidence alone, precludes the Petitioner from establishing its fraud claim, as counsel for Registrant clearly had a good faith belief that the statements made in Nos. 1 and 2 *supra.* were true. As such, Registrant did not and could not have knowingly made false, material representations of fact. This is supported not only by the evidence, but the language employed

by Registrant's counsel, which Petitioner conveniently and remarkably omits. That is, counsel asserts that Petitioner did not sell its t-shirts with silk screen designs in retail stores "upon information and belief", and it only "appears" that Petitioner takes orders for customized t-shirts with silk-screen designs from third party brand owners in, chiefly, the water and board sport, biking, skiing, music, and brewpub industries. Petition, ¶¶ 40-41, Ex. 5.

Moreover, Registrant in its Response never even alleged that "Petitioner's customers are not "young, trend conscious consumers". Petition, ¶ 42. Instead, Registrant stated:

[] registrant's t-shirts with silk-screen designs appears to be a specialty item that is not sold in the same channels of trade as Applicant's goods, particularly since the goods bearing the applied for mark would most likely be purchased in one of Applicant's retail establishments by young, trend-conscious consumers while registrant's goods are likely to be purchased directly through registrant by third party brand owners in the water and board sport, biking, skiing, music, and brewpub industries.

See Ex. 5 of Petition

Accordingly, since Registrant never alleged that Petitioner's customers are not "young, trend conscious consumers", Petitioner's allegation has no merit. Moreover, an assertion that was never made cannot be the subject of a fraud claim.

Petitioner's only other potentially pertinent factual claim under Count IV is that "Registrant made representations to the USPTO in its response to the USPTO in its response to the office action filed on October 12, 2012 that the consumers and the normal channels of trade for [Petitioner's and Registrant's] goods are clearly different, and do not overlap." Registrant precedes this sentence with the following statement:

Moreover, Applicant's goods, particularly since the goods bearing the applied for mark would most likely be purchased in one of Applicant's retail establishments by young, trend-conscious consumers while registrant's goods are likely to be purchased

directly through registrant by third party brand owners in the water and board sport, biking, skiing, music, and brewpub industries. Id.

When taken in the context of the paragraph, it is thus clear from this statement and, at a minimum, the evidence of record, that counsel for Registrant had a good faith belief that that the consumers and the normal channels of trade for [Petitioner's and Registrant's] goods were different, and did not overlap, and, as such, Registrant did not and could not have knowingly made false, material representations of fact.

2. There is No Intent to Deceive

Not only were the aforesaid statements not false or made knowingly, but they were not made with intent to deceive.

The evidence submitted by Registrant, namely, the page from Petitioner's website and invoices submitted in support of Petitioner's trademark application actually showed how Petitioner used its mark. Accordingly, the Examining Attorney was fully aware of how Petitioner's mark was used. Thus, Registrant had no intent to deceive the Examiner. In fact, quite the opposite, as if Registrant intended to deceive the Examining Attorney, it would never have submitted an "About" page from Petitioner's website, detailing Petitioner's business. Under such a circumstance, the Board cannot find that there was a willful withholding of facts, which transmitted and disclosed to the Examining Attorney, would have resulted in the disallowance of the registration.

IV. CONCLUSION

There are simply no factual assertions pled here that could give rise to a finding of fraud. First, Petitioner failed to properly plead that Registrant knew that there was a likelihood of confusion that would result from its use of its applied for mark and Petitioner's alleged mark

FISHBONE and Design. Second, any such alleged misrepresentation regarding Petitioner's registration was immaterial to the issuance of Registrant's registration, as the USPTO cited Petitioner's registration against the applied for mark. Third, Registrant's counsel did what attorneys do in prosecuting a trademark application: he attempted to persuade the Examiner that there was no likelihood of confusion, and the applied for mark could be registered. Counsel misrepresented no facts, knowingly or otherwise, and had absolutely no intent to deceive. In short, Petitioner's fraud claims under Rule 12(b)(6) are not "plausible on [their] face" and must be dismissed.

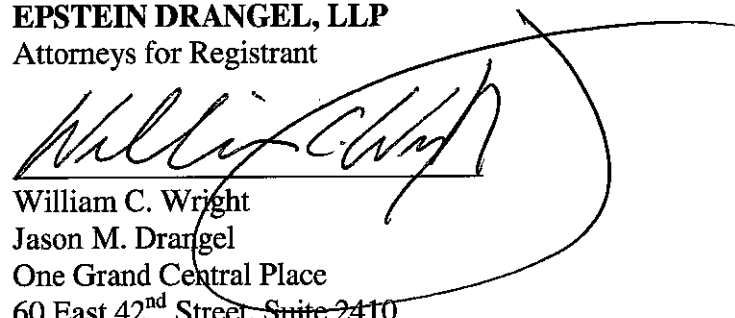
This motion should automatically suspend the time for answering the entire Petition for Cancellation. However, in the unlikely event that the Board does not automatically suspend Registrant's time to answer Petitioner's claims which are not the subject of this motion, Registrant respectfully requests that the Board extend Registrant's time to answer until after a decision on this motion, so as to avoid (1) duplicative pleadings in the event the motion is denied and (2) creating potential confusion over the proper scope of discovery while the motion is pending.

Respectfully submitted,

EPSTEIN DRANGEL, LLP
Attorneys for Registrant

Dated: May 10, 2013

BY:



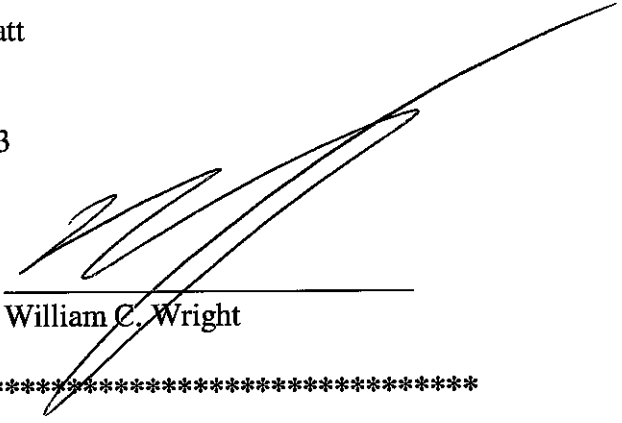
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CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing Motion to Dismiss under Rule 12(b)(6) was served by First Class Mail, with sufficient postage prepaid, on this May 10, 2013, upon Petitioner's attorney:

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